Remarks at a Town Hall Meeting and a Question-and-Session in Grand Junction, Colorado

August 15, 2009

The President. Thank you. Hello, Grand Junction. Thank you so much. Thank you. Everybody, please have a seat. I—it is good to be back in southwest Colorado. Last time I was here I had some really good peaches. [*Laughter*] So somehow, though, Michelle and the girls got to go pick peaches, and I'm hoping they bring some back for me.

It is nice to take a break from some of the back and forth in Washington. I want to especially thank Nathan for his introduction and sharing his story. It's not easy to talk about an illness in the family. It's not easy to talk about such a painful experience. Because it's important that we understand what's at stake in the health care debate, he's been willing to share it with us. And so I'm very grateful to him.

We've got a couple of other special guests that I want to acknowledge. First of all, I stole him from you to make him what I believe will be the best Secretary of the Interior in the history of the United States, Ken Salazar. But I left things in good hands with the outstanding Congressman and brother of Ken, John Salazar. Your outstanding Governor of this great State, Bill Ritter, is here. As well as the extraordinary first lady of the State, Jeannie Ritter is here as well. Two of the finest young Senators that we've got in Washington right now: Senator Mark Udall and Senator Michael Bennet.

I want to thank the hospitality of Grand Junction Mayor Bruce Hill. And finally, I want to thank Tillie Bishop for the invocation. And I want to thank the Central High students, Elise Beckstead, Crystal Rossman, Axel Urie, and Amelia LyBarger, for their national anthem and Pledge of Allegiance. Thank you, guys.

Oh, and Central High principal Jody Diers is here. And it turns out, school starts in 2 days. [*Laughter*] You know, when I was going to school, we always had until Labor Day. [*Laughter*] Things—it's rough for kids these days, but it's important for us to be able to compete internationally, so it's great to see dedicated educators like we have here at Central High.

You know, Nathan's story is the kind of story that I've read in letters and heard in town halls all across America. And on Tuesday, I was in New Hampshire talking about people denied coverage because of preexisting conditions. Yesterday I was in Montana talking about people who've had their insurance policies suddenly revoked, even though they were paying their premiums, just because they got sick. Today we're talking about people like Nathan and his family who have insurance but are still stuck with huge bills because they've hit a cap on their benefits or they're charged exorbitant out-of-pocket fees.

And when you hear about these experiences, when you think about the millions of people denied coverage because of preexisting conditions and the thousands who have had their policies canceled because of an illness, the countless people like Nathan, I want you to remember one thing: There but for the grace of God go I. This is something that sometimes we've forgotten during the course of this health care debate. These are ordinary Americans. They're no different from anybody else. They're working hard, they're meeting their responsibilities, but they're held hostage by health insurance companies that deny them coverage or drop their coverage or charge fees that they can't afford for care that they

desperately need. It's hurting too many families and businesses. It's wrong, and we're going to fix it when we pass health insurance reform this year.

Now, this is obviously a tough time for the families in Colorado and all across America. I just want to rewind the clock a little bit, because sometimes people have forgotten what's transpired over the last 7, 8 months. Just 6 months ago, we were in the middle of the worst recession of our lifetimes. We were losing about 700,000 jobs each month. Economists from the left and the right, liberals and conservatives, feared the second coming of the Great Depression. I don't know if everybody remembers that. That was 6 months ago. That's why we acted as fast as we could to pass a recovery plan to stop the freefall. And there's been a lot of misinformation about that, so let me just talk briefly about what it is that we did.

The recovery plan was divided into three parts. One-third of the money—one-third of the money in the Recovery Act, the stimulus plan, went to tax cuts that are already showing up in the paychecks of nearly 2 million working families in Colorado, including right here in Grand Junction. So I just want everybody to be clear: one-third of it, tax cuts—not tax increases—more money in your pockets to spend as you wish.

We also cut taxes for small businesses on the investments that they make, and hundreds of Colorado small businesses have qualified for new loans backed by the Recovery Act, including 11 businesses in Grand Junction alone. So that was one-third of it.

Now, another third of the money in the Recovery Act is for emergency relief for folks who've borne the brunt of this recession. So we've extended unemployment benefits for more than 150,000 Colorado citizens. We've made health insurance 65 percent cheaper for families who are having to use COBRA because they lost their jobs and they're out there looking for work. And for States facing historic budget shortfalls, we provided assistance that has saved the jobs of tens of thousands of workers who provide essential services, like teachers and police officers. And Governor Ritter will tell you, if we had not had some of that money in, then Colorado would have had to make much more painful job cuts in vital services and might have had to put in place some very painful State and local tax increases. So that was the second third of the Recovery Act.

Now, the last third of the Recovery Act is for investments that are already putting people back to work. There are almost 100 shovel-ready transportation projects already approved in Colorado which are beginning to create jobs. Not far from here, for example, there's a project to pave and add lanes to State Highway 92. Most of the work is being done by local businesses, because that's how we're going to create jobs and grow this economy again.

And by next month, projects will be underway at more than 100 national parks all over America, including Colorado. Now, these are projects restoring trails, improving infrastructure, making park facilities more energy efficient. Earlier today, some of you may know, I toured Yellowstone with Michelle and the girls. We saw Old Faithful; I hadn't seen it since I was 11 years old. It's still going strong. [*Laughter*] Tomorrow we're going to be visiting the Grand Canyon.

And I recently signed into law a public lands bill that designates the Dominguez-Escalante Canyon as a national conservation area here in Colorado. These are national treasures, symbols of how much we owe to those who came before us and the fact that we're borrowing this Earth from those who will follow us. And I want to thank especially Ken Salazar, because he's been leading the way on these vital issues, especially in the West. As we grapple with enormous

challenges, like health care, the work of generations past reminds us of our duty to generations yet to come.

So there is no doubt that the recovery plan is doing what we said it would: putting us on the road to recovery. It's not solving all problems. Unemployment is still way too high. But we just saw last week that the jobs picture is beginning to turn. We're starting to see signs that business investment is coming back, but that doesn't mean we're out of the woods. Even before this extraordinary financial crisis, we had an economy that was working pretty well for the wealthiest Americans—working pretty well for Wall Street bankers, for big corporations—but it wasn't working so well for everybody else. It was an economy of bubbles and busts. It was an economy in which the average worker, their wages and incomes had flatlined for a decade. It was an economy that rewarded recklessness over responsibility. So we can't go back to that kind of economy.

If we want this country to succeed in the 21st century, we've got to lay a new foundation for lasting prosperity. And health insurance reform is a key pillar of this new foundation, because this economy won't work for everyone until folks like Nathan and his family aren't pushed to the brink of bankruptcy by medical expenses, until companies aren't slashing payrolls and losing profits to pay for health insurance, until every single American has the security and peace of mind of quality, affordable health care.

And health care touches us all in profound ways, which by the way means that it's only natural this debate is going to be an emotional one. There's a lot at stake. And I know there's been a lot of attention paid to some of the town hall meetings that are going on around the country, especially those where tempers have flared, and TV really likes that. So you can have 20 really great town hall meetings, and if there's one where somebody loses their temper, that's the one TV wants to cover.

What you haven't been seeing are the constructive meetings going on all over the country. That doesn't mean people agree with me on every single issue, but it means that we've been trying to figure out how do we solve what we know is an unsustainable problem in our health care system.

So just yesterday I held a town hall in Belgrade, Montana, and we had a pretty good crowd. Some were big supporters of reform. Some had concerns and questions. Some were completely skeptical. And I got tough questions. But even though Montanans have strong opinions, they didn't shout at one another. They were there to listen. And that reflects the American people and what our democracy is about a lot more than what's been covered on TV these last few days. And that's why I thank all of you, whether you're for or against health care reform, for being here today.

Now, I'm going to take a bunch of questions, but before I do, I want to just talk about what health insurance reform will mean for you, because there's a lot of misunderstandings out there. First of all, what we're proposing is a commonsense set of consumer protections for people with health insurance, people with private health insurance. I expect that after reform passes, the vast majority of Americans are still going to be getting their insurance from private insurers. So we've got to have some protections in place for people like Nathan, people like you.

So insurance companies will no longer be able to place an arbitrary cap on the amount of coverage you can receive or charge outrageous out-of-pocket expenses on top of your premiums. That's what happened to Nathan and his wife. Their son's diagnosed with

hemophilia when he was born. The insurance company then raised the premiums for his family and for all his coworkers who were on the same policy. The family was approaching their cap.

And so on top of worrying about taking care of their son, they had the added worry of trying to find insurance that would cover him, plus thousands and thousands of dollars in out-of-pocket costs. Nathan and wife—and his wife even considered getting a divorce so that she might possibly go on Medicaid.

Now, thankfully, Colorado's law doesn't allow coverage for small businesses to permanently exclude preexisting conditions like his son's, so eventually they found insurance. But they're paying increasing premiums, and they still have to face the prospect of hitting their new cap in the next few years.

Those are the stories I hear all over the country. I heard from a teenager in Indiana diagnosed with leukemia. The chemotherapy and intensive care he received cost hundreds of thousands of dollars. His family hit their lifetime cap in less than a year. They had insurance. So the insurance wouldn't cover a bone marrow transplant, and the family couldn't afford all the money that was needed. The family turned to the public for help, but the boy died before he could receive that transplant.

If you think that can't happen to you or your family, think again. Almost 90 percent of individual health insurance policies have lifetime benefit limits. And about a third of family plans in the individual insurance market have lifetime limits under $3 million. If you or your spouse or your child gets sick and you hit that limit, it's suddenly like you have no insurance at all.

And this is part of a larger story, of folks with insurance paying more and more out of pocket. In the past few years, premiums have nearly doubled for the average American family. Total out-of-pocket costs have increased by almost 50 percent; that's more than $2,000 per person. And nobody is holding these insurance companies accountable for these practices. And by the way, your employer is paying even more, and you may not even see the costs of it except for the fact that's why you're not getting a raise, because it's going into your health care instead of your salary and income.

So we're going to ban arbitrary caps on benefits. We'll place limits on how much you can be charged for out-of-pocket expenses. No one in America should go broke because they get sick. Now, insurance companies will also be stopped from canceling your coverage because you get sick or denying coverage because of your medical history. Again, if you think this has nothing to do with you, think again. A recent report found that in the past few years, more than 12 million Americans were discriminated against by insurance companies because of a preexisting condition. When we get health insurance reform, those days will be over. And we will require insurance companies to cover routine checkups and preventive care, like mammograms and colonoscopies. That saves money; it saves lives.

At the same time—now, I just want to be completely clear about this. I keep on saying this, but somehow folks aren't listening: If you like your health care plan, you keep your health care plan. Nobody is going to force you to leave your health care plan. If you like your doctor, you keep seeing your doctor. I don't want government bureaucrats meddling in your health care. But the point is, I don't want insurance company bureaucrats meddling in your health care either.

So let's—just to recap here, if you're one of nearly 46 million people who don't have health insurance, you will finally have quality, affordable options. If you do have health

insurance, we will help make that insurance more affordable and more secure. Under the reform proposals that we've put out there, roughly 700,000 middle class Coloradans will get a health care tax credit. More than a million Coloradans will have access to a new marketplace where you can easily compare health insurance options. Eighty-seven thousand small businesses in Colorado will be aided by new tax benefits, so when they're doing the right thing for their employees, they're not penalized for it. And we will do all of this without adding to our deficit over the next decade, largely by cutting waste and ending sweetheart deals for insurance companies that don't make anybody any healthier.

Now here—if you don't—I know there's some skepticism: "Well, how are you going to save money in the health care system?" You're doing it here in Grand Junction. You know that lowering costs is possible if you put in place smarter incentives, if you think about how to treat people, not just illnesses, if you look at problems facing not just one hospital or physician, but the many system-wide problems that are shared. That's what the medical community in this city did, and now you're getting better results while wasting less money. And I know that your Senator, Michael Bennet, has been working hard on legislation that's based on putting the innovations that are here in Grand Junction into practice across the system, and there's no reason why we can't do that.

So the fact is, we are closer to achieving reform than we've ever been. We have the American Nurses Associations, we have the American Medical Association on board, because America's doctors and nurses know how badly we need reform. We have broad agreement in Congress on about 80 percent of what we're trying to achieve. We have an agreement from drug companies to make prescription drugs more affordable for seniors, $80 billion that can cut the doughnut hole that seniors have to deal with on prescription drug plans in half. The AARP supports this policy and agrees with us that reform must happen this year.

But look, because we're getting close, the fight is getting fierce. And the history is clear: Every time we're in sight of reform, special interests start fighting back with everything they've got. They use their influence. They run their ads. And let's face it, they get people scared. And understandably—I understand why people are nervous. Health care is a big deal. In fact, whenever America has set about solving our toughest problems, there have always been those who've sought to preserve the status quo by scaring the American people.

That's what happened when FDR tried to pass Social Security; they said that was socialist. They did—that—verbatim. That's what they said. They said that everybody was going to have to wear dog tags and be—and that this was a plot for the government to keep track of everybody. When JFK and then Lyndon Johnson tried to pass Medicare, they said this was a government takeover of health care; they were going to get between you and your doctor, the same argument that's being made today. These struggles have always boiled down to a contest between hope and fear. It was true when Social Security was born. It was true when Medicare was created. It's true in today's debate.

But whether you have health insurance or you don't have health insurance, we all know we can't continue down this path. Costs are rising far faster than wages. Cuts—the system works a lot better for insurance companies than it does for America's families. To maintain what's best about our health care system, for you to keep what you've got if you're happy with it, is going to require change.

We've got to keep what's good about the system, especially the relationship between doctors, nurses, and their patients, while fixing what's broken, because for all the scare tactics out there, what's truly scary is if we don't do anything. We will continue to see 14,000

Americans lose their health insurance every day. Premiums will continue to skyrocket, going up three times faster than your wages. The deficit will continue to grow because most of it is Medicare and Medicaid. Medicare will go into the red in less than a decade. And insurance companies will continue to profit by discriminating against people just because they're sick.

So if you want a different future, a brighter future, I need your help. I need you to stand for hope. I need you to knock on doors. I need you to spread the word, because we are going to get this done this year. [*Applause*] Thank you, Grand Junction. Thank you.

Thank you. Thank you. All right. Now, I've got time for a bunch of questions. We've got a bunch of people in the audience with microphones. Hold up your microphones, guys. All right. Now, the way we're going to do this is I'm just going to go around the room. Raise your hand. To be fair, I'm going to make sure it's girl, boy, girl, boy. [*Laughter*] If you can introduce yourself and ask your question or make your comment, if you can keep your question or comment relatively brief, I will try to keep my answers relatively brief, and that way we can make sure that we get through more questions during the course of this event. All right? Okay. Let's see hands. And I'll start with this young lady right here in the pink blouse.

Health Care Efficiency

Q. [*Inaudible*]

The President. Oops, hold on, the mike doesn't—can you check that mike? Is it working? Does it work?

Q. Good afternoon, Mr. President. My name is Polly. I work at Rocky Mountain Orthopedics here in Grand Junction. On behalf of our CEO, I would like to extend an invitation for you to visit our successful practice to see how we provide excellent health care at a lower average cost to our patients.

My question is, the original health care House bill included funding for federally qualified health centers whose future budget would be based on expenses plus inflation. If private physicians, hospitals, and other providers are going to be given incentives to reduce waste and cost, what will be done to ensure the government programs will do the same?

The President. Well, it's an excellent question. Part of what's so important about reform is that right now the way Medicare and Medicaid operates, if it's starting to go over budget, we basically have two choices: Either we raise taxes and just keep on paying more and more—and health care inflation is going up at least twice as fast as inflation on everything else—or what we do is we just tell the providers, we're going to give you less money, period; we'll reimburse you 80 cents or 90 cents for every dollar of services that you provide. And then what happens is that the providers, they end up just charging people with private insurance to make up for the difference. So that drives everybody's costs up.

Now, what's been done here in Grand Junction, in other outstanding health programs like Mayo, is they've started to change the delivery system so that you're actually getting more bang for your health care dollar.

Let me give you an example. Right now if you go to your doctor and you get a test, a lot of times that test won't be forwarded to the next doctor or specialist that you have to see. You have to take another test. You might have to take three or four or five tests by the time your treatment is all completed. That's a waste of money. And if we can incentivize the provider to say, do one test and then e-mail the results to everybody who might be providing treatment or the patient might be referred to, that right there saves a lot of money.

So what we want to do is to do this in Medicare and Medicaid, which will incentivize a lot of health systems around the country to start using some of the smart practices that you're using. Frankly, Medicare and Medicaid is—they provide a lot of care for a lot of patients, particularly seniors, and so if they hear from Medicare, can you start doing things smarter, they have an incentive to do it. And once they put a smarter system in place, the benefits spill over to the private insurance market as well. So we want to do it through Medicare and Medicaid, but we also want to see in the private insurance market that health providers start thinking smarter and providing better care, which often turns out to be lower-cost care.

Now, it's not going to happen overnight, because a lot of these systems have been put in place for a long time. And here in Grand Junction or at Mayo Clinic or Geisinger or other of these really good health care systems, what they've done is each year they are continually comparing notes. They've got a peer review process where doctors are exchanging ideas, and they're continually making the system better and better, smarter and smarter, and over time what we can do is bend the cost curve so that instead of having inflation go up a lot faster on health care than everything else, it matches everything else.

And if we could do that, if we could just get health care inflation to match the inflation on food and other items, all of our deficit—long-term deficit problems would be solved. Just that alone—if we could just reduce the amount of health care inflation, our long-term debt and deficit problems would be solved.

So this is the most important thing we can do for deficit reduction. And I want everybody to remember that, because in this debate, you've heard a lot of people saying, "We can't afford to do this because our deficits and debt are too high." The biggest driver of our deficit and debt is health care. And if we don't change the delivery systems and adapt some of the innovations that are being used where you work and in really good health care systems around the country, then we're going to be in red ink forever.

Okay? Thank you so much for the question.

All right, gentleman in the red shirt back there. Wait for the mike so everybody can hear you.

Public and Private Health Insurance

Q. Thank you, Mr. President, for taking my question, for one. I've got a bunch, but—my name is Randy Pipher, and I have been in the health insurance business for over 25 years. I'm also a big Steelers fan as well.

The President. I like that in you. The—are you allowed to confess that, though, here, where—[*laughter*]——

Q. I can take it. [*Laughter*]

The President. All right, all right. Good.

Q. You have asked many times why insurance companies are so afraid of competing with a public plan option of coverage. And I understand insurance companies need to get spanked every now and again for sure, but if the public plan option reimburses on average 55 cents, by contract, of every dollar of care to the provider, and the private insurance plans, by contract, reimburse an average of 85 cents per dollar of care, how can it be considered fair competition? And thank you for being here today.

The President. No, I think it's a good question. Thank you. For those of you who have not been following the debate as closely, let me just describe what this issue of the public plan is all about. And to do so, I've got to describe how we're looking to provide health insurance for people who currently don't have it. I spent most of my time talking about what we would do for folks who have health insurance, but we've still got 46 million uninsured, and I think it is the right thing to do to provide them with some help. Most of them work. Most of them are responsible. But their employer—maybe they work for a small business—their employer just can't afford it because they don't have the bargaining power to get low enough rates to cover all their employees. That's a big category of the uninsured.

So what we've said is, let's set up what's called a health insurance exchange. It's essentially a marketplace, where you could go online and you'd have a menu of options, most of them private insurers—Aetna, Blue Cross Blue Shield—insurance companies that wanted to participate, and they would list a range of plans, just like when Mike and Mark want to get health insurance as Members of the Senate, they go on to this exchange for Federal health care—for the Federal employees, and they select which plan works best for their families.

So we want everybody to be able to access that and choose which plan works best for them. And if they can't afford it—even though we'd have a lot of bargaining power, and we'd be able to get the same kinds of rates that really big companies are able to get or the Federal system is able to get, some people will still not be able to afford it—and then we would provide some subsidies. And there would be certain rules governing any insurance company that's participating: You couldn't exclude for preexisting conditions; you couldn't have a lifetime cap; you'd have to limit out-of-pocket expenses. So all the insurance rules that I talked about, that would be part of the deal if you as an insurer wanted to sell insurance through this exchange.

So far, so good. The argument around public option is, should one of the choices—not the only choice, but one of the choices on that exchange—be a public option? And the idea here would be that a government-run non-for-profit would have its own option that people could sign up for—they wouldn't have to, but they could sign up for it—and if it could keep its costs lower and provide a good, quality service and good benefits, then that would help keep the insurance companies honest, because the idea being that as a non-for-profit, potentially with lower administrative costs, they could do a good job.

Now, the insurance companies have come back and said, well, that's not fair, because nobody can compete against the government. They have a legitimate point if—if what's being done is the government is either subsidizing that government plan, essentially taking taxpayer money and saying, here, we'll just keep on spending money regardless of whether you run a good operation or not, then it's hard for insurance companies to compete against that. And by the way, it would be wildly expensive for taxpayers. So I've already said a public option can only work if they have to collect premiums just like a private insurer and compete on a level playing field. That's point number one.

The second argument that's been made is the one that you just made, which is, if public option is reimbursing at Medicaid rates that are substantially lower than what private insurers have to negotiate for, then eventually, over time, private insurers might be run out of business. So that's the second argument.

Now, what's happened in the House bill that—as it's been modified, is they've actually said, we're going to negotiate rates; they won't be Medicaid rates. So that actually solves the problem that you're addressing, because now they—this would be a negotiated process, and prices would not be set just to Medicaid. All right?

Now, there's a third argument against the public option, and this is the one, really, that you've been hearing mostly about, and that is just this idea that we shouldn't have government involved at all, that government is part of the problem, not part of the solution, to quote Ronald Reagan. [*Applause*] We've got some supporters of that view. And I guess the only—look, I think you can have a legitimate position just saying you don't want to see more government involvement. I understand the argument. The only thing I would point out is, is that Medicare is a government program that works really well for our seniors and has protected people—[*applause*]—hold on one second, let's not start yelling.

It's true that it's expensive, but the truth is that actually the cost of Medicare inflation has actually gone up at a slower rate than private insurance. So it's not because it's mismanaged; it's because of what was referred to in the first question. The whole health care system is out of whack and way too expensive. It's not government, per se. It has to do with the fact that the health care system itself, the delivery systems are not working the way they should.

So if you just believe the government shouldn't be involved in anything, or shouldn't be involved in health care, period, then you're right that you can't support the kind of reform that we're proposing. The only thing I want to make sure of, though, is you've got to—you make an honest argument, because nobody is talking about government takeover of health care. There's a difference between what we're proposing, which has some government involvement, versus this idea that somehow government is going to take over everything and get between you and your doctor. That's not what we're proposing.

So we can have an honest disagreement, but I just want to be clear on what the debate is about. It's about this narrow issue of the public plan. It's not about somehow eliminating private insurance. Everybody who has currently private insurance that works for them will be able to keep private insurance under the proposals that have been made in Congress. All right?

Okay, it's a woman's turn. It's a young lady's turn. Let me—right there with the vest. Yes, that's you. [*Laughter*]

Reporting and Reducing Preventable Medical Errors

Q. Hello, Mr. President, and thanks for being here.

The President. Thank you.

Q. My name is Jamie Way, and I am a nursing student at Mesa State.

The President. Outstanding.

Q. I'm very excited. Being as I am a potential health care provider in the health care system, there are a few things in the plan that I read about that I wanted to understand more——

The President. Sure.

Q. ——as far as providers being required to report—what was the words—preventable medical errors in the health care system. Now, as far as health care systems are concerned, we are required to report every error we see. So I kind of want a clarification of how much you're expecting from providers in this system.

The President. Well, different States have different rules, so we've got kind of a patchwork. I don't—I confess I don't know exactly what the rules are here in Colorado. But about 100,000 people die every year from preventable diseases and illnesses in hospitals. Some

of the ways that we could solve this are so simple. There's actually a doctor who's put together a protocol—washing your hands, a lot of just basic stuff that costs no money—that has been shown repeatedly to cut these preventable illnesses and deaths down drastically, by a magnitude of 50 percent, 75 percent reductions in preventable deaths just by applying these things that don't cost any money.

So the question then becomes, how do we get more hospitals, more doctors, more health systems, to adopt these systems? And the best way to do it is to make sure that not only are they reporting these preventable errors, but that they're also available to consumers, the American people, so that if they've got too many of them, after a while they start getting embarrassed, right? I mean, if you found out that there are two hospitals here in this city and one hospital has half the preventable deaths of the other hospital, you'd want to know that, wouldn't you?

The problem is, right now, oftentimes, it's very hard for consumers to get that information directly. So the idea is simply to make sure that that information is packaged in a way where you can comparison shop and your employer—if you're getting health insurance through your employer—can comparison shop, so that we're putting some competitive pressure to improve quality across the system. That's what we're talking about.

By the way, thank you for being a nurse, because we need more nurses. That's important.

All right, gentleman right here in the T-shirt. Hold on one second, we got a mike coming.

Realistic Health Care Reform/Misinformation Concerning Health Care Reform

Q. Thank you for coming to Colorado. It's a great place.

The President. It's a great place.

Q. I would—you touched on this, I would like you to expand a little more. This problem with misinformation in our country, it seems to me that it's not only just hurting health care reform, health insurance reform, it's dividing our country. Is it not maybe time—I think we all know where it's coming from. Is it not time that something can be done—okay, I got to watch what I'm saying, but——

The President. Well, look, let me—let me just—let me address this. You know, health care is really hard. I mean, this is not easy. I'm a reasonably dedicated student to this issue. I've got a lot of really smart people around me who have been working on this for months now. We've got really fine public servants like Senators Bennet and Udall who are working on this and thinking about it a lot.

And the truth is—I want to be completely honest here—there is no perfect, painless silver bullet out there that solves every problem, gives everybody perfect health care for free. There isn't. I wish it was—I wish there was. I wish I could just say, you know what, we're going to change the system, everybody will get as much care as they want any time they want, everybody will have it, and it won't cost anything. And doctors will be happy, and nurses will be happy; hospitals will be happy; insurance companies will still make a lot of profits; drug companies will be able to charge as much as they want. I can't do it. Nobody can.

What I can do is try to sort through what are all the options available, be realistic about where we're going on health care, say to myself, if we keep on doing what we're doing, we are in a world of hurt. We can't afford what we're doing right now. More people are going to lose health insurance. More employers are going to drop coverage or push more coverage onto their

employees with higher premiums and higher deductibles. Medicare and Medicaid will go broke. State budgets and Federal budgets will be unsustainable.

And then we're going to have to make some really bad decisions, where we have no good options—even worse options than we have right now. And what's going to end up happening is—mark my words—if we do nothing, at some point, Medicare in about 8 to 9 years goes into the red. Somebody mentioned it's going broke; yes, it is going broke.

So here's what's going to happen if we don't change the delivery systems and change some of the incentives: We'll have a choice. We'll either have to cut Medicare, in which case seniors then will bear the brunt of it, or we'll have to raise taxes, which nobody likes. And we still will be paying about five to six thousand dollars more than any other advanced country in the world and not get better health care for it. Now, that doesn't make sense.

So in terms of misinformation, there is—because there's no perfect solution, we can have legitimate debates about the public option that we just had. That was a good, serious debate, and you can make a plausible argument as to why we shouldn't have a public option. Now, I believe that we should—on balance. It's not perfect. It's not going to solve every problem, but I think it actually would keep the insurance companies more honest. You can have a honest disagreement with me on that.

What you can't do—or you can, but you shouldn't do—[*laughter*]—is start saying things like, we want to set up death panels to pull the plug on grandma. I mean, come on. I mean, I just—first of all, when you make a comment like that—I just lost my grandmother last year. I know what it's like to watch somebody you love, who's aging, deteriorate and have to struggle with that. So the notion that somehow I ran for public office or Members of Congress are in this so that they can go around pulling the plug on grandma? I mean, when you start making arguments like that, that's simply dishonest, especially when I hear the arguments coming from Members of Congress in the other party who, turns out, sponsored similar provisions.

I mean, here's what this was about. Here was the genesis of this little piece of information. We had a provision in the House bill that would give the option—the option—of somebody getting counseling on end-of-life care or hospice care and have it reimbursed by Medicare, the option—voluntary—so you'd have more information about how to deal with these situations.

Turns out, the biggest proponent of this was a Republican Congressman who is now a Senator and a colleague of Mr. Udall and Mr. Bennet. Turns out, in Medicare Part D, which was passed by a Republican Congress, they had the exact same provision.

So when I have people who just a couple of years ago thought this was a good idea now getting on television suggesting that it's a plot against grandma or to sneak euthanasia into our health care system, that feels dishonest to me. And we've got enough stuff to deal with without having these kinds of arguments.

All right, so it's—all right, it's a woman's turn here. Yes, I've sort of neglected this area right here. Young lady right there, blond hair, black blouse—black dress. Yes, right there. Go ahead.

Cost of Health Care Reform/Health Insurance for Small Businesses

Q. Thank you. Hi, my name is Julie, and I'm a small-business owner from Colorado Springs. I am also a Republican that voted for you.

The President. Thank you.

Q. You're welcome.

The President. What's your business?

Q. We make software.

The President. Excellent. We need that. [*Laughter*]

Q. I hope so. So I grew up in a blue-collar family, and my husband and I work very hard at our small business. We've always treated our employees like family, given them great benefits, any time off they need with their family. I volunteer in my professional community. I volunteer at my children's schools. And that's still not enough, because us small-business owners that are on that cusp between middle class and the rich are going to bear the brunt of a lot of what this is going to cost. Why is what I do now not enough?

The President. Let me—I think it's a good question. Let me talk about both cost and what this would mean for small businesses, because both issues would affect you.

First of all, remember what I said: I can't come up with a perfect solution that is completely free. It is absolutely true that in order for us to provide help to those who have no insurance at all, that's going to cost some money. It's going to cost some money. We can't do it for free. They've got no health insurance right now; we're going to help them. It's 46 million people. That's going to cost some money.

Now, what I've proposed is going to cost roughly $900 billion, 800 to 900. That's a lot of money. Keep in mind it's over 10 years. So when you hear some of these figures thrown out there, this is not per year; this is over 10 years. So let's assume it's about $80 billion a year. It turns out that about two-thirds of that could be paid for by eliminating waste in the existing system.

So I'll give you—let me give you one particular example. We right now provide $177 billion over 10 years, or about seventeen, eighteen billion dollars a year, to insurance companies in the forms of subsidies for something called Medicare Advantage, where they basically run the Medicare program that everybody else has, except they get an extra bunch of money that they make a big profit off of. And there's no proof, no evidence at all that seniors are better off using Medicare Advantage than regular Medicare. If we could save that $18 billion a year, that is money that we can use to help people who right now need some help. So about two-thirds of what we're talking about is paid for through the existing health care system, money that's already being paid by taxpayers, does not require additional taxes. But that still leaves one-third.

Now, in order to pay for that, there have been a lot of proposals out there. One of them that I proposed, I still think is the best idea. You may disagree, because I don't know what your income bracket is. My proposal was that for people making more than $250,000 a year, people like myself, that we should, instead of getting the full itemized deduction of what our highest tax bracket is, we should just cap out our itemized deduction at 28 percent, which is what the average American gets. So—because my attitude is, I shouldn't get a bigger tax break if I write a check to my local church than if the janitor down the street writes a check to their local church. We should get the same tax break. If we were willing to do that, just that alone would pay for what we're talking about.

Now, some Members of Congress disagree with that, and they've got other proposals. And that's going to be worked out in September. I do want to make the point, though, that I have not proposed any plan that would put the burden on middle class families in order to deal with

this. So when you hear people talking about I'm raising your taxes, the only tax policies I've implemented for middle class families is a tax cut for 95 percent of working families.

Now, let me talk about small businesses. I don't know your particular situation, whether you're providing health insurance right now to your employees. If you are, then you stand to benefit from this plan, because every proposal, both in the House and the Senate, that's been put forward provides a huge number of subsidies to small-business owners that are doing the right thing by their employees.

So it is very likely—you know, obviously, we'd have to look at the calculations; I'd have to figure out how many employees you have, what kind of health insurance plan you have, et cetera—but it is very likely that you would actually make money, gain from this plan, because you're already providing health insurance to your employees and we would give you some help.

The only category of folks who might not like this plan are employers who can afford to provide health insurance to their employees but aren't doing so, because what we would then say to them—what we'd say to them is, look, we're giving you affordable options; you are going to be able now to be part of a bigger pool. You can buy your health insurance through that exchange that I was explaining to that gentleman there. So you'll be able to get premiums and prices that are comparable to what big companies, Xerox or IBM, are getting for their employees, and we'll give you some help doing it. But if you refuse to provide any health insurance for your employees at all, then we are going to ask you to make a contribution to help make sure those employees have health insurance, because by the way, it turns out, if you as an employer are not providing that health insurance, the rest of us are, because those folks are going on Medicaid, or they're going to the hospitals for uncompensated care, and that's not fair.

So the bottom line is this: If you are a small-business person who is providing health insurance for your employees, I am very sure that you would actually benefit from this. But the problem is—again, this is where the information has not been going out in as clear a fashion as possible, which is why I'm glad you asked the question.

All right? Okay.

All right, I'm going to call on this gentleman because he's been waving, and he's shouted at me for—a couple of times, so I just want to—I just want proof here that we're—I'm happy to get a good debate going.

Public and Private Health Insurance

Q. How are you doing, Mr. President?

The President. I'm good. What's your name?

Q. My name is Zach Lahn. I'm a student at the University of Colorado in Boulder.

The President. Good to talk to you, Zach. What do you study?

Q. Political science and business marketing.

The President. Fantastic. All right, what's your question?

Q. My question is this. And also, I'd love to have a debate, just all out, any time, Oxford-style, if you'd like. [*Laughter*] I understand—I'm willing to do that. But my question is this. We all know the best way to reduce prices in this economy is to increase competition. How in the world can a private corporation providing insurance compete with an entity that does not have

to worry about making a profit, does not have to pay local property taxes—they do not have to—they're not subject to local regulations? How can a company compete with that? And I'm not looking for anything—I don't want generalities. I don't want philosophical arguments. I'm just asking a question.

The President. That's a great question. Thank you for the question.

Now, I just want to point out that I partially answered the question earlier by explaining that certainly they can't compete if the taxpayer is standing behind the public option just shoveling more and more money at it, right? That's certainly not fair. And so I've already said I would not be in favor of a public option of that sort because that would just mean more expenses out of our pockets, and we wouldn't be seeing much improvement in quality.

It is true that there are certain costs associated with a private business that a government would not have to worry about; you mentioned a couple of them. It's not just, by the way, property taxes; it's also things like just the cost of capital. In terms of the cost of borrowing, a public option—insurance companies have to have a lot of money on hand, and it's conceivable that a private entity that's having to pay a certain interest rate for their money would be really undermined if the government is able to get money much cheaper implicitly because Uncle Sam backs this operation.

So that's why I say, this is actually a legitimate debate. I think that we can craft a system in which you've got a public option that has to operate independently, not subsidized by taxpayers. It would be nonprofit—but we've already got nonprofits out there like Blue Cross Blue Shield—that they would have to go on the market and get a market price for capital, so they wouldn't be able to just have the Federal Reserve write them a check. I think there are ways that we can address those competitive issues. And you're absolutely right; if they're not entirely addressed, then that raises a set of legitimate problems.

But I—the only point I wanted to make was the notion that somehow just by having a public option you have the entire private marketplace destroyed is just not borne out by the facts. And in fact, right now you've got a lot of private companies who do very well competing against the government. UPS and FedEx are doing a lot better than the post office. No, they are. And so I—but the larger point I want to make, and I'm—it's good to see a young person who's very engaged and confident challenging the President to a Oxford-style debate; I think this is good. You know, the—this is good. You know, I like that. You got to have a little chutzpah, you know.

This is a legitimate debate to have. All I'm saying is, though, that the public option, whether we have it or we don't have it, is not the entirety of health care reform. This is just one sliver of it, one aspect of it. And by the way, it's both the right and the left that have become so fixated on this that they forget everything else, like the fact that we can help Nathan make sure that he doesn't suddenly find himself completely broke in trying to treat his son.

So we are working on a series of proposals to address the questions that you're raising. I believe that we can work them out. But those are specific questions as opposed to broad, philosophical questions about whether government ever has a role to play or not.

Keep in mind, finally—and this is the last point that I'll make—that you have a bunch of countries that have systems in which government is involved but you still have a thriving private insurance market, the Netherlands being a good example. Everybody is covered. Everybody has care. The government has regulations in there. But it does not somehow take

over the entire private insurance market. So I just want people to understand, nobody is talking about a government takeover of health care. I want to repeat that one last time.

All right. I've got—I've got one last—I've got time for one last question. I'm going to call on this young lady right here. Oops, she just lost her question. Go ahead. Who's got a microphone? Right here, right here.

Importance of Health Care Reform

Q. I cannot believe that we have the President of the United States of America in Grand Junction, Colorado.

The President. Good to be here.

Q. We are so proud of you.

The President. Thank you.

Q. My name is Maria Elena Wells, and I live in the Western Slope in Montrose, Colorado. And I am a naturalized citizen, and I am proud to be an American in this beautiful land.

The President. Thank you.

Q. I—as a child I had polio, and I had a series of surgeries, 52 of them, to correct my poor structure of bones, between here, Denver, Montrose, and the Mayo Clinic in Phoenix, Arizona. I have been blessed with a good insurance, generally excellent doctors and care. However, my major concern in cost, even with good—and even with a good insurance, our cost has been high, practically when I have been gone out of the network. Why should our doctor treatments choice be limited by a geographic area or the State? What kind of competition is this, Mr. President?

The President. Okay, all right.

Q. Thank you.

The President. This raises an important question, because it goes to the overall debate that's taking place out there right now. When we talk about reform, you hear some opponents of reform saying that somehow we are trying to ration care, or restrict the doctors that you can see, or you name it. Well, that's what's going on right now. It's just that the decisions are being made by the insurance companies.

Now, in fairness, we probably could not construct a system in which you could see any doctor anywhere in the world anytime, regardless of expense. I mean, that would be a hard system to set up. So if you live in Maine, you know, we're going to fly you into California, put you up. I mean, you can see—and I'm not trying to make light of it—you can just see the difficulty.

So any system we design, there are going to be some choices that have to be made in terms of where you go to see your doctor, what's going on, et cetera. That's being done currently in the private marketplace. All we're trying to do is to make sure that those decisions that are being made in the private marketplace aren't discriminating against people because they're already sick, that they are making sure that people get a good deal from the health care dollars that they are spending.

So let's make sure, for example, that if you go to a hospital, you get one of those operations that you discussed, and it turns out that 2 weeks later you've got to be readmitted because they

didn't do it right the first time, that the hospital has to pay some penalty for that, or at least they're not being reimbursed as much as a hospital who gets it right the first time. That's an example of changing incentives that can save us money.

The more that we make those kinds of changes that improve quality, reduce cost, the more likely it is that more Americans have more options and that they are not being jerked around. It doesn't mean that everything is going to be perfect, but it does mean that consumers will have more choices, better options, more security, more protection.

That's all we're trying to accomplish here, and we're trying to do it in a way that over time reduces costs overall for families, whether you're getting Medicare, or you're getting Medicaid, or you've got private insurance through your employer, or you're a small-business owner. That's what we're trying to accomplish.

And I am confident that we can accomplish it, but we're going to have to work hard to do it. And we're going to have to overcome some of the wrong information; we're going to have to have an honest debate. Nothing is going to be perfect. We're going to have to make sure—this is something, by the way, that people need to understand: Even if everything goes perfectly and we pass legislation, let's say, in October, we're still going to have another 3 months of debate about this; then we're still going to have several years of implementation. It's not going to happen overnight. We're going to have to set up these reforms and these processes, and we're going to have to give insurance companies a chance to adjust, because, for example, if we don't have everybody covered, we can't construct a system that prevents insurance companies from discriminating against preexisting conditions. I hope everybody understands that.

We can't tell insurers to take everybody if, on the other hand, you've got a whole bunch of people who are healthy and young who choose not to get insurance at all, because what ends up happening is then insurance companies are just going to take the people when they get sick. Somebody won't buy insurance until they find out that they're sick. Then they go into the insurance office and they say, give me insurance so I can go pay my bill. Insurance companies would lose money pretty quick that way. So if we're going to eliminate the preexisting conditions problem, we've got to also have the coverage problem, and that's why this is going to have to be phased in over a number of years.

Last point I want to make, and this has to do with the budget issues, because we've got a huge deficit right now and a huge debt, and I think that that's coloring how people view the debate. I hear a lot of people saying, how can we afford this right now? We've got to reduce our deficit.

First, I want everybody to understand the source of our deficit, because if you don't understand that then my argument won't make sense. When I walked into the White House, I had gift-wrapped, waiting for me at the door, a $1.3 trillion deficit—$1.3 trillion. Now, I say that—I just want to—I say that—this was not—and this is not, by the way, entirely the previous administration's fault. The financial crisis was so bad that revenues plummeted and all this money was spent in making sure that the banking system did not completely collapse. So all the actions that have been taken—the bank bailout, the auto bailout, all that stuff—that did spike the deficit.

But the problem actually is not that—you know, the extraordinary steps that we've taken over these last 1 or 2 years; the real problem is much longer. Even if we had had no fiscal crisis whatsoever, we have a structural deficit. We're spending more money than we are taking in. We've been doing it for the last 8 years. When we passed the prescription drug benefit for

Medicare, by a Republican Congress, they didn't pay for it. They didn't want to raise taxes, but they wanted to get the benefit. That just was red ink. That just went into our structural deficit.

When we fought the Iraq war, we made that decision. We didn't pay for it. When we cut taxes on some of the wealthiest Americans, we did not compensate by making cuts in programs that were comparable. So what that has all added up to is, we've got a structural deficit that over the course of the next 10 years is about $9 trillion.

Now, I say that because I just want everybody to understand, if we're going to tackle that problem, the only way we can do it in an intelligent way is if we get control of Medicare and Medicaid spending in some realistic way. If we don't do that, we can't simply cut our way out of the problem or tax our way out of the problem.

I ask sometimes, when I'm in audiences, what people think the amount of Federal budget is devoted to foreign aid. And people will say 25 percent; if we could just cut that out, we could eliminate the deficit. Foreign aid is 1 percent of our budget—1 percent. People think, well, it's all these pork projects and earmarks that everybody is getting—1 percent. Almost all of our spending is Social Security, Medicare, Medicaid, interest on the national debt, defense spending, things that are very hard to cut.

Only about 30 percent of the overall budget, somewhere between 25 and 30 percent is nondefense discretionary spending. That's everything for national parks, for education, you name it. Every single program that you think of that you think of as a government program, that is only about 25 percent of the budget. The rest of it is all Social Security, Medicare, Medicaid. And what's really going up fastest is Medicare and Medicaid.

So I just want everybody to understand, if you are a fiscal hawk, if you are a deficit hawk, and you are tired of this crazy spending in Washington, and you want to finally make sure that we are looking out for the next generation, then you, more than anybody, should want to reform the health care system, because if we don't do it, we can't solve that problem.

Thank you, Grand Junction. Love you.

NOTE: The President spoke at 3:44 p.m. at Central High School. In his remarks, he referred to Nathan Wilkes, principal network architect, Virtela Communications, Inc., who introduced the President, and his wife Sonji and their son Thomas; Tilman Bishop, vice chair of the board of regents, University of Colorado; and Sen. Johnny Isakson of Georgia.

Categories: Addresses and Remarks : Health care reform :: Grand Junction, CO.

Locations: Grand Junction, CO.

Names: Beckstead, Elise; Bennet, Michael F.; Bishop, Tilman; Crabtree, Polly; Diers, Jody; Hill, Bruce; Isakson, Johnny; Lahn, Zach; LyBarger, Amelia; Obama, Malia; Obama, Michelle; Obama, Natasha "Sasha"; Pipher, Randy; Ritter, Bill, Jr.; Ritter, Jeannie; Rossman, Crystal; Salazar, John T.; Salazar, Kenneth L.; Udall, Mark; Urie, Axel S.; Way, Jamie; Wells, Maria Elena; Wilkes, Nathan; Wilkes, Sonji; Wilkes, Thomas.

Subjects: AARP; Budget, Federal : Deficit; Budget, Federal : National debt; Business and industry : Automobile industry :: Strengthening efforts; Business and industry : Small and minority businesses; Colorado : Governor; Colorado : President's visits; Economy, national : American Recovery and Reinvestment Act of 2009; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Employment and unemployment : Job creation and

growth; Employment and unemployment : Job losses; Employment and unemployment : Unemployment insurance; Employment and unemployment : Unemployment rate; Environment : Conservation :: Dominguez-Escalante National Conservation Area; Health and medical care : Cost control reforms; Health and medical care : Employer-based health insurance coverage; Health and medical care : End-of-life care; Health and medical care : Health insurance exchange, proposed; Health and medical care : Health insurance, protection of coverage; Health and medical care : Hospitals :: Reimbursement for treatment of uninsured patients; Health and medical care : Insurance coverage and access to providers; Health and medical care : Living wills; Health and medical care : Medicare Advantage Plans, elimination of overpayments; Health and medical care : Medicare and Medicaid; Health and medical care : Physicians :: Medicare and Medicaid reimbursement; Health and medical care : Prescription drugs, purchasing efficiency; Health and medical care : Preventive care and public health programs; Health and medical care : Seniors, prescription drug benefits; Interior, Department of the : National parks, maintenance and restoration projects; Interior, Department of the : Secretary; Iraq : U.S. military forces :: Deployment; Medical Association, American; Montana : President's visit; New Hampshire : President's visit; Nurses Association, American; Reserve System, Federal; Small Business Administration : Loan guarantee facility; Taxation : Charitable donations, deductions; Taxation : Itemized deductions, proposed limits; Taxation : Tax relief; Transportation : Highway system, modernization efforts; Treasury, Department of the : Troubled Asset Relief Program.

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